



ATTORNEY GENERAL OF TEXAS
GREG ABBOTT

July 6, 2010

John E. "Jack" Lynch, Jr.
Global Exploration and Production
Global Supply and Trading
US General Counsel
BP America, Inc.
501 Westlake Park Blvd.
Houston, TX 77079

RE: Request for \$25 million block grant to preserve and protect Texas coastal resources

Dear Mr. Lynch:

On May 5, 2010, I joined with the Attorneys General of the five Gulf Coast states in a letter to your office warning that the oil spill resulting from the Deepwater Horizon explosion threatened our shores and the livelihood of our coastal citizens and communities. While I was hopeful that BP would contain the oil spewing from your collapsed well site, I have nonetheless been preparing Texas' legal response in the event oil reached Texas shores.

Because tar balls originating from the Deepwater Horizon spill have been reported in Galveston County, Texas, we must now take legal action to protect our State and citizens. Although it is reported that the oil may have been transported to Texas on a ship, rather than having drifted from the site of the spill, it has been confirmed by both the United States Coast Guard and Texas General Land Office that this event marks the first time oil from the BP spill has soiled Texas waters and beaches. Texas must be prepared to respond to further damage to our shores and our economy as oil from the Deepwater Horizon continues to spew into the ocean and breach our coastline.

Because Texas has now been physically impacted by the Deepwater Horizon spill, I hereby request that BP make financial resources available to the State of Texas that are necessary to fund the State's clean-up and response effort. On the same day the Gulf State Attorneys General sent our first demand letter to you, BP announced that it had made \$25 million block grants to Louisiana, Alabama, Mississippi, and Florida in order to help those states begin the clean up process and to take necessary preventative measures.

Since then, BP has announced a second round of block grants, also in the amount of \$25 million, to the same four Gulf Coast states. Separately, BP announced \$25 million in tourism grants to the State of Florida, and \$15 million in tourism grants to the states of Louisiana, Alabama, and Mississippi. And finally, BP has pledged \$500 million to the Gulf of Mexico Research Initiative, including three research grants to educational institutions in Louisiana, Mississippi, and Florida, in the amount of \$25 million. By this letter, I request that BP make the same financial

commitment to the State of Texas that it has made to the other Gulf States and thus agree to provide a \$25 million block grant to fund our clean-up and response efforts.

On May 10, 2010, in response to the joint letter from the Gulf States Attorneys General, you represented that "BP intends to take responsibility for responding to the MC 252 [Deepwater Horizon] spill," and further, that "it is BP's position that the cap on liability under the Oil Pollution Act is not relevant; BP will pay necessary clean up costs associated with the spill and legitimate claims for other loss and damages." Today, BP must take responsibility for the oil washing up on Texas shores. Consistent with BP's commitment to our sister Gulf Coast states, on behalf of the State of Texas, I am asking BP to deliver on that same promise and provide Texas the resources it needs to preserve and protect its valuable coastal resources—and the Texans whose livelihood depends on a thriving coast.

Texas has already incurred costs in preparation for oil arriving upon its shores, including expenses associated with conducting a baseline sampling of Texas' natural resources. Please confirm, consistent with BP's prior public statements accepting responsibility for the results of the Deepwater Horizon oil spill, that BP will reimburse Texas for these expenses, and will pay for any and all future baseline sampling or other tests necessary to assess the impact of the Deepwater Horizon oil spill to Texas. In addition, please confirm that BP will provide all available resources to protect the Texas coast from further damage resulting from the spill.

It is my understanding that all private claims for damages arising out of the oil spill (including claims from property owners, small and large businesses, fisherman, and other coastal residents impacted by the spill), are being transitioned from BP to the Gulf Coast Claims Facility, which will be administered by Kenneth Feinberg on behalf of BP and the federal government. While this transition is occurring, I understand that Texas citizens and businesses must still report and submit claims directly to BP (at 1-800-440-0858). After speaking with Mr. Feinberg earlier today, I understand that BP will retain responsibility for processing all claims involving governmental bodies arising out of the oil spill (including claims from states, local governments, and political subdivisions). If my understanding is incorrect, please let me know immediately. Otherwise, please have your public claims administrator contact my office immediately to establish the claims process by which Texas and its local governments will be compensated for expenses associated with BP's oil spill.

Thank you for your prompt attention to this matter. I look forward to hearing from you today on our request that BP provide up-front financial assistance to the State of Texas.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Abbott", written in a cursive style.

GREG ABBOTT

Attorney General of Texas